

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
MARCH 13, 2008, BOARD MEETING**

BOARD MEMBERS PRESENT: Mike Gessner, President
Clarence Corneil, Trustee
Kim Franz, Trustee
Lowell Latimer, Vice President
Wayne Sanstead, State Superintendent
Kelly Schmidt, State Treasurer
Bob Toso, Trustee

STAFF PRESENT: Steve Cochrane, Executive Director
Fay Kopp, Deputy Executive Director
Les Mason, Internal Audit Supervisor
Darlene Roppel, Administrative Assistant
Shelly Schumacher, Retirement Program Manager
Dottie Thorsen, Internal Auditor

OTHERS PRESENT: Greg Burns, NDEA
Erica Cermak, NDRTA
Ruth Stefonowicz, NDEA-Retired
Aaron Webb, Attorney General's Office

CALL TO ORDER:

Mr. Mike Gessner, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the meeting to order at 1:00 p.m. on Thursday, March 13, 2008, at the State Capitol, Ft. Union Room, Bismarck, ND.

THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM: PRESIDENT GESSNER, MR. CORNEIL, MRS. FRANZ, DR. LATIMER, SUPERINTENDENT SANSTEAD, TREASURER SCHMIDT, AND MR. TOSO.

President Gessner congratulated Lowell Latimer who was reappointed by Governor Hoeven to the TFFR Board effective July 1, 2008 - June 30, 2013. to another five year term on the board.

President Gessner also reported that agenda item #10, the Executive Session concerning a retiree benefit correction, would be postponed to a later date, when all documentation has been received and verified.

MINUTES:

The Board considered the minutes of the January 17, 2008, board meeting.

TREASURER SCHMIDT MOVED AND MRS. FRANZ SECONDED TO APPROVE THE MINUTES OF THE JANUARY 17, 2008, BOARD MEETING.

AYES: TREASURER SCHMIDT, MRS. FRANZ, DR. SANSTEAD, MR. TOSO, PRESIDENT GESSNER, MR. CORNEIL AND DR. LATIMER.

NAYS: NONE

MOTION CARRIED.

BOARD EDUCATION:

TFFR PLAN BASICS: Mrs. Shelly Schumacher, Retirement Program Manager, presented an overview of TFFR plan benefits. Topics included membership, salary, taxation of employee contributions, purchase of service credit, confidentiality, refund of account value, benefit formula, service retirement options, types of benefits, and employment after retirement. Board discussion followed. The presentation is on file at the Retirement and Investment Office (RIO).

INVESTMENT UPDATE:

Mr. Steve Cochrane, Executive Director, reviewed the agenda for the March 14, 2008, State Investment Board (SIB) meeting. He also commented on current economic conditions and reported TFFR's estimated investment return fiscal year-to-date is about -7%.

The meeting recessed at 2:55 p.m. and reconvened at 3:05 p.m.

2009 LEGISLATION:

Mrs. Fay Kopp, Deputy Executive Director, reviewed the proposed administrative changes included in the TFFR bill draft. Changes include: reenact all federal references relating to Internal Revenue Code compliance, including updating Section 415 requirements; clarify the definition of salary; clarify retiree re-employment; and extend confidentiality provisions to allow disclosure of retirement information in limited situations. Mrs. Kopp requested that the salary definition clarification be removed until additional research is done.

After discussion,

MR. CORNEIL MOVED AND MR. TOSO SECONDED TO REMOVE THE PROPOSED CHANGES IN SECTION ONE AS DISCUSSED, AND APPROVE THE BILL DRAFT AS PRESENTED.

AYES: PRESIDENT GESSNER, MR. TOSO, DR. LATIMER, TREASURER SCHMIDT, MR. CORNEIL, DR. SANSTEAD AND MRS. FRANZ.

NAYS: NONE

MOTION CARRIED.

Mrs. Kopp also reviewed the Schedule of Retired Members by Monthly Benefit as of July 1, 2007, as provided by the actuary, Gabriel, Roeder, Smith & Company (GRS). GRS is updating the Retiree Study and it is scheduled to be available at the May 2008 board meeting.

PROPOSED CHANGES TO THE ADMINISTRATIVE RULES:

Mrs. Schumacher presented the final version of the proposed changes to the ND Administrative Code, Title 82. There were no written or oral comments received from the public. The Attorney General's office approved the changes. Once adopted by the TFFR board, the rules will be sent to the Legislative Council for publication and they will become effective July 1, 2008.

MR. CORNEIL MOVED AND TREASURER SCHMIDT SECONDED TO APPROVE THE FINAL VERSION TO THE ND ADMINISTRATIVE CODE, TITLE 82.

AYES: MR. CORNEIL, DR. SANSTEAD, DR. LATIMER, PRESIDENT GESSNER, TREASURER SCHMIDT, MR. TOSO AND MRS. FRANZ.

NAYS: NONE

MOTION CARRIED.

PURCHASE OF SERVICE CREDIT COST CALCULATION UPDATE:

Mrs. Schumacher reported that the January Report Card newsletter contained an article informing the membership that TFFR is updating the factors and methodology used to calculate the actuarial cost to purchase service credit. The old cost factors will be applied to any request received by June 30, 2008. TFFR's actuarial consultant, GRS, has provided the new cost calculation worksheet and CPAS is working with RIO staff on programming and implementing the changes.

FEDERAL LEGISLATIVE ISSUES:

Mrs. Kopp reported on issues discussed at a recent National Council on Teacher Retirement (NCTR) Legislative Committee meeting in Washington, DC. The Pension Protection Act (PPA) of 2006 limits the amount of interest credit that may be provided in defined benefit plans. Such a provision could cause TFFR to have to reduce the interest rate paid on member account balances to a "market rate of return." NCTR, along with 20 other national organizations representing state and local governments and officials, is requesting statutory clarification in a technical corrections bill to ensure rates of interest provided by governmental plans are treated as permissible methods of crediting interest under the PPA. The North Dakota congressional delegation staff has indicated their support.

EXECUTIVE SESSION - Retiree Benefit Correction:

Agenda item postponed. A special TFFR board meeting to consider this issue will be held on Friday, April 18, at 11:30 a.m. following the SIB meeting.

OTHER BUSINESS:


Mr. Corneil shared information to help understand investments, securities, and the vocabulary used in these topics. The information will be scanned and sent electronically to all TFFR and SIB board members.

The next regular board meeting will be held on May 15, 2008.


ADJOURNMENT:

With no further business to come before the Board, President Gessner adjourned the meeting at 4:10 p.m.

Respectfully Submitted:



Mr. Mike Gessner, President
Teachers' Fund for Retirement Board



Darlene Roppel
Reporting Secretary